

## Message Text

UNCLASSIFIED

PAGE 01 MADRID 01052 141137Z

53

ACTION EUR-12

INFO OCT-01 ISO-00 PA-02 PRS-01 USIA-15 AID-05 CIAE-00

COME-00 EB-07 FRB-01 INR-07 NSAE-00 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 L-02 H-02

/075 W

----- 031357

R 131639Z FEB 75

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 1069

INFO AMCONSUL BARCELONA

AMCONSUL BILBAO

AMCONSUL SEVILLA

UNCLAS MADRID 1052

E.O. 11652: N/A

TAGS: EIND, SP

SUBJ: VHS DECISIONS RE MAJOR INVESTMENT PROPOSALS IN SPAIN BY GM  
AND DOW CHEMICAL

1. VISITING GM OFFICIALS HAVE INFORMED EMBASSY AND LOCAL PRESS HAS ANNOUNCED THAT GM HAS TURNED DOWN TERMS PROPOSED BY GOS FOR ITS ENTRY INTO SPAIN. GM PROPOSAL ORIGINALLY INVOLVED (A) FIRST PHASE INVOLVING PURCHASE BY GM OF BRITISH LEYLAND MOTORS AUTHI SUBSIDIARY OPERATION IN SPAIN AND A GM COMMITMENT TO CONTINUE PRODUCING BLM CARS AS WELL AS BEGINNING PRODUCTION OF GM MODELS: (B) A SECOND PHASE WHEREBY GM WOULD PUT IN ITS OWN PRODUCTION FACILITIES, I.E. PRESS PLANT, SUB-ASSEMBLY PLANT, AND FINISHED VEHICLE ASSEMBLY PLANT, AS PART OF A GM EUROPEAN CAPACITY EXPANSION PROGRAM. TOTAL POTENTIAL GM INVESTMENT WAS ESTIMATED AT ABOUT \$500 MILLION. THE RESOLUTION OF THIS MATTER CAME AFTER LONG, NEGOTIATIONS BY GM OFFICIALS WITH GOS, PRIMARILY MINISTRY OF INDUSTRY. DUE DEFLATIONARY PRESSURES IN EUROPE AND ENRGY CRISIS, GOS AGREED THAT GM COULD PROCEED ON BASIS PHASE ONLY, I.E. AUTHI TAKEOVER, AND WITH PROVISIO THAT WHEN CONDITIONS IMPROVED GM COULD BEGIN "SECOND PHASE" EXPANSION. GM, WE UNDERSTAND, TURNED UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MADRID 01052 141137Z

DOWN GOS TERMS SINCE IT DID NOT WISH TO BE BOUND BY ANY LIMITATIONS

PLACED ON ITS SALES WITHIN SPAIN. AS IS THE CASE WITH FORD ESPANA. OTHER FACTORS IN GM DECISION PROBABLY INVOLVED LABOR UNREST AT AUTHI PAMPLONA PLANT, FALL OFF IN WORLDWIDE MARKET FOR AUTO SALES, AND OPPOSITION TO TERMS OF ENTRY BY GM FROM OTHER SPANISH AUTO FIRMS.

2. PROPOSAL BY DOW CHEMICAL (SEE MADRID'S A-108, MAY 25, 1974) HAS NOW RECEIVED FAVORABLE DECISION FROM GOS DESPITE OPPOSITION FROM OTHER LEADING SPANISH CHEMICAL FIRMS. THIS PROJECT, INVOLVING A PETRO-CHEMICAL COMPLEX IN THE INDUSTRIAL POLE OF HUELVA, PARTLY ON A JOINT VENTURE BASIS WITH CEPESA (COXHANIA ESPNOLA DE PETROLEOS, S.A.) WILL ENTAIL AN INVESTMENT ESTIMATED AT \$700 MILLION MR. IGNACIO ARTOLA, PRESIDENT OF DOW'S SPANISH SUBSIDIARY, HAS INFORMED THE EMBASSY THAT THE GOS DECISION WAS BASED ON TERMS TO DOW. ARTOLA EXPRESSED HIS APPRECIATION FOR THE ASSISTANCE RENDERED BY FORMER AMBASSADOR RIVERO AND OTHER EMBASSY OFFICIALS.

EATON

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FOREIGN INVESTMENTS, BUSINESS FIRMS, BUSINESS MERGERS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 FEB 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975MADRID01052  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750055-0036  
**From:** MADRID  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750247/aaaabpmf.tel  
**Line Count:** 79  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 30 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <30 APR 2003 by RuthemTJ>; APPROVED <06 JAN 2004 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** VHS DECISIONS RE MAJOR INVESTMENT PROPOSALS IN SPAIN BY GM AND DOW CHEMICAL  
**TAGS:** EIND, SP, GENERAL MOTORS, DOW CHEMICALS  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006